

OVERVIEW OF VIETNAM DEVELOPMENT BANK

1. The establishment and development of VDB

Vietnam Development Bank (VDB in abbreviation) was established according to the Decision No. 108/2006/QĐ-TTg dated May 19, 2006 by the Prime Minister on the establishment of Vietnam Development Bank based on the reorganization of Development Assistance Fund to execute investment credit and export credit policies with operation period of ninety-nine (99) years upon effectiveness of the Decision 108/2006/QĐ-TTg. The organizational and operational regulations of VDB are in accordance with the Decision No. 110/2006/QĐ-TTg dated May 19, 2006 by the Prime Minister. Vietnam Development Bank's financial management regulations comply with the Decision 44/2007/QĐ-TTg dated March 30, 2007 by the Prime Minister.

VDB is recognized as a legal entity with chartered capital of 10 trillion VND, operating on the non-profit purpose. VDB's solvency is guaranteed by the Government. The bank is not required to make provision reserve and deposit insurance; and it is exempted of tax and other payments to the state budget.

With the motto “**Safety – Efficiently – International Integration – Sustainable Development**”, after 6 years of growth and development, VDB has made important contributions to the country's industrialization and modernization.

Head office:

Address: 25A Cat Linh - Dong Da - Hanoi

Tel.: (+84 4) 3736 5659 - (+844) 3736 5671

Fax: (+84 4) 3736 5672

2. Functions and missions of VDB

According to the Decision No. 108/2006/QĐ-TTg dated May 19, 2006 of the Prime Minister on the establishment of VDB, its specific functions and missions are stated as below:

- Mobilize and receive funds from domestic and foreign institutions to implement investment credit and export credit policies of the Government;
- Implement investment credit and export credit policies in line with Government's regulations.
- Manage the on-lending ODA funds delegated by the Government; Receive trust funds for allocation and/or investment lending, collect debt on behalf of domestic and foreign organizations in accordance with trust agreements signed between VDB and these organizations;
- Entrust VDB's credit activities to financial and credit institutions;
- Provide payment service for customers and take part in domestic and international payment systems to serve VDB's activities in compliance with current regulations;
- Perform international cooperation in the fields of development investment credit and export credit;

Besides the above missions, VDB undertakes other tasks assigned by the Prime Minister as below :

- Guarantee loans from commercial banks in Vietnam to companies in compliance with the Decision No. 14/QĐ-TTg dated January 21, 2009 of the Prime Minister;
- Provide loans for companies experiencing difficulties due to the economic slowdown to pay salary and social insurance for the unemployed workers in accordance with the Decision No. 30/QĐ-TTg dated February 23, 2009 of the Prime Minister;
- Perform other duties assigned by the Prime Minister such as management, payment for the component projects of the Son La Hydropower project, including population relocation settlements, factories building, avoid-flooding roads. Since 2008, the Prime Minister assigned VDB to invest in and extend loans for Ha Noi – Hai Phong Expressway project.

3. VDB's funding sources:

- Funds from the State Budget:
 - VDB's chartered capital
 - Funds from State Budget that are allocated to prodefine projects in accordance with the annual plan.
 - Official development assistance fund (ODA) assigned by Government
- Mobilized funds :
 - Issuing bonds and certificate of deposit under the laws and regulations.
 - Borrowings from Postal saving, Social Insurance Fund, domestic and international financial and credit institutions.
 - Entrusted deposits of domestic and foreign organizations.
 - Non refundable deposits from individuals, economic organizations, financial institutions, credit and political- social institutions, associations, domestic and foreign organizations.
 - Trust funds for allocation and lending from local governments, economic organizations, political social organizations, associations, societies, domestic and foreign organizations and individuals.
- Other sources of funds in accordance with laws.

BOARD OF MANAGEMENT 'S REPORT

1. Overview of global economy and Vietnam in 2013 – Main impacts on VDB's performance

The global financial crisis since 2008 has affected all economies in the world, specially the US, Eurozone, and some emerging Asian economies. After many efforts, in 2013, the world's economy began to step out of this crisis. Eurozone was out of the longest recession in the history, the US economy recovered relatively quickly with GDP growth of 1.6% / year, ASEAN and Asia remained active while China achieved high growth of 7.5% / year. However, in general, the world's economic growth is still low, averaging at 3.2% / year.

High unemployment rate, reduced purchasing power ... are the major challenges for all countries, including Vietnam. To support companies to deal with the difficulties and banks with their NPL, the Government has issued Resolution No. 01 / NQ-CP and Resolution 02 / NQ-CP - guiding measures to achieve economic objectives namely “ Stabilizing the macro-economy, curbing inflation, striving to get higher development than 2012, accelerating three breakthrough processes in the context of restructuring the economy”.

- GDP growth in 2013 reached 5.42%

GDP in 2013 was estimated to increase by 5.42% over 2012 and rose steadily in all three sectors with higher growth quarter by quarter. Growth in 2013 compared with 2012 has proved remarkable effectiveness of the measures proposed by the Party and the Government to remove difficulties for the economy. The inflation rate in 2013 was contained at 6.04%- the lowest in the last 10 years, while the plan was of 8%. GDP was estimated at more than USD 170 billion, (GDP per capita of USD 1,899), increased by 8.6% than 2012.

- Investment development reached VND1,091 trillion

Total social investment in 2013 was estimated at VND1,091 trillion, 8% higher than 2012 and accounts for 30.4% of GDP. The Government-owned sector accounted

for 40.4%, the non-government-owned sector 37.6% and FDI 22%.

FDI inflow was estimated at USD 21.6 billion, increased by 54.5% than last year, focusing mainly on the processing and manufacturing industries.

- Import-export turnover reached US \$ 263.5 billion

The total import and export turnover of Vietnam in 2013 was USD 263.5 billion. Goods exports reached USD 132.2 billion, imports USD 131.3 billion, both marked an increase of 15.4% than last year. In 2013, Vietnam continued to have export surplus of USD 863 million, accounted for 0.7% of total import export turnover. Domestic sector recorded an import surplus of USD 13.1 billion while FDI sector a deficit of nearly USD 14 billion.

- State budget deficit rose by 5.3% in 2013

The total state budget revenue in 2013 was estimated at VND 790.8 trillion, representing 96.9% of the plan. The total budget expense was estimated at VND 986.2 trillion, reached 100.8% of planned number. Both revenue and expense were 20% higher than the last year. The State budget deficit represented 5.3% of GDP, higher than in 2012 (4.8% of GDP) and exceeded the plan approved by the National Assembly. In particular, public debt was within the limits.

- Credit growth of 12,51%

The monetary policies of the State bank of Vietnam were close to the Party and the State's orientation to control inflation and to restructure the system of credit institutions, remove difficulties for businesses and settle bad debts. Total payment facilities increased by 18.51%, credit growth 12.51% compared to 2012. Interest rates fell markedly: State bank of Vietnam's directives rates were adjusted twice, lending interest rate decreased by 2 - 4%/year, mobilizing interest rates 3-5%/year compared with the end of 2012. The foreign exchange market remained stable, foreign currency liquidity improved, the foreign exchange rate flexible, dollarization status reduced. Foreign exchange reserve reached USD 25 billion, two time higher than 2011. The 2013 is the 2nd year of restructuring the banking system and it has achieved initial results. The banking system operations are now under control and safety, weak banks were restructured. Liquidity level was improved and competitiveness among commercial banks raised. The government has also actively handled bad debts

through the establishment of VAMC. Cross-ownership in the banking system was also actively identified and solved.

The 2013's overall economy remained stable but still faced many difficulties and challenges. Economic growth has not reached the target; purchasing power was slowly improved; production hasn't overcome difficulties yet; number of companies forced to suspend operations, or stop and to be dissolved increased compared with 2012; Credit growth was slow while total demand was low, state budget revenue was lower than the plan meanwhile budget deficit was moving in the opposite way. Restructuring the economy was slower than required. Many industries and production still have low added value and not been connected to production networks and global value chains.

The economic background of the economy has had an impact on VDB operations on the following aspects:

Firstly, ODA commitment for Vietnam continued to decline to USD 6.5 billion (USD 0.9 billion lower than 2012). This is the 4th consecutive year that ODA commitment to Vietnam is cut off, affecting on - lending fund amount that VDB is mobilizing to finance projects.

Secondly, production is limited because of reduced purchasing power, and of shrinking markets, affecting the lending capacity and debt recovery of VDB.

Thirdly, the falling of lending interest rate enabled business to cut their funding cost but also required VDB to mobilize fund at lower rate.

Fourthly, increasing budget deficit tended to have adverse material impact on VDB's ability to increase charter capital, interest rate difference compensation and management fee.

Last but not least, banking system restructuring process has initially achieved positive results, but still required VDB to be more proactive to restructure its operations, while focusing more on bad debts handling.

2. Implementation of the 2013's tasks

2.1. Mobilizing and receiving fund

Despite the difficulties of monetary and financial markets in 2013, VDB raised enough funds to support business in accordance with the Government and the Prime Minister assignments. Funding through the issuance of bonds guaranteed by the Government was of VND 40,000 billion, achieving the plan target.

2.2. Investment Credit

To maximize support for businesses implementing projects and key programs of the Government, in 2013, VDB had disbursed to the economy nearly VND 29,500 billion. The growth of outstanding reached 12%, accomplishing plan as assigned by the Prime Minister and relatively higher than the average of the whole banking system. Loans of VDB promptly met funding requirements of key urgent national projects and enabling over 50 projects to be completed in 2013 and the first quarter of 2014.

Debt recovery and debt settlement are implemented positively within the framework of restructuring activities of VDB.

2.3. Export Credit

VDB has disbursed nearly VND 7,700 billion for export credit, actively supporting certain sectors and regions to promote exports eligible to VDB export credits, especially for catfish products. Average loan outstanding in 2013 was nearly VND 11,000 billion, accounted for 86% of the plan. In 2013, VDB had started lending to a number of businesses to buy food to make aquaculture for export. This is a new task assigned to VDB under Resolution No. 02 / NQ-CP of the Government dated July 01 2013.

2.4. ODA and the revolving funds

VDB is currently managing 460 projects (including 423 projects and 37 ODA on-lending program targets) with commitment by contracts of USD 12809.87 million, a commitment growth of 14% higher than December 31 2012. In 2013, disbursements reached USD 11,148 billion, exceeding the assigned plan. Evaluation quality of programs and projects financed from foreign capital was improved, raising VDB credit after ministries and authorities, thus attracting more projects funded from ODA-onlending sources, monitoring and supervising work was strengthened.

2.5. Post investment subsidies, trust fund and other lending programs

In recent years, VDB has disbursed post investment subsidy for 2,925 investment projects with total investment amount of VND 3,673 billion. The accrued amount of subsidy was VND 1,958 billion, the disbursement amount of 2013 was VND 44 billion.

For compensation, immigration and resettlement of Son La Hydropower project, VDB has granted allocation and loan trustee for nearly VND 2,300 billion, timely met fund demand and contributed to accelerate the items / project components implementation.

The monitoring and supervision have been strengthened to ensure subsidy and allocation disbursed to right people and right purposes.

2.6. Guarantee business loans at commercial banks

To support businesses to get access to loans from commercial banks, VDB continued guarantee activity. There were 116 letters of guarantee still in force for total credit amount of VND 2,381 billion and USD 25.6 million; of which VND 1,065 billion and USD 22.9 million were guaranteed outstanding. In 2013, VDB has fulfilled its guarantee obligations of VND 40 billion. Guarantee activity for business loans at commercial banks of the VDB has helped business on accessing capital from commercial banks, thus to boost their production and business activities.

2.7. Construction for internal use

Construction work for internal use was actively implemented to modernize infrastructure and improve the working conditions for the entire system, while still being economical. In 2013, finished work volume reached 96% of the whole capital allocation plan. The Training Center in Nha Trang was completed and put into use, the construction of office in K1 Hao Nam accelerated.

2.8. International cooperation

VDB has been officially admitted as the 10th member of AEBF and expected to work with ADFIAP to hold 2015 Annual Conference. This is a good opportunity for VDB to expand and maintain diplomatic relations, create its position, as well as strengthen its integration to international market. In 2013, international cooperation activities continued to actively support the mobilization of foreign capital for key projects. International cooperation activities were a great significance for the economic

and social development projects such as Ha Noi - Hai Phong Expressway project, Bac Lieu wind Power project...

2.9. Information Technology

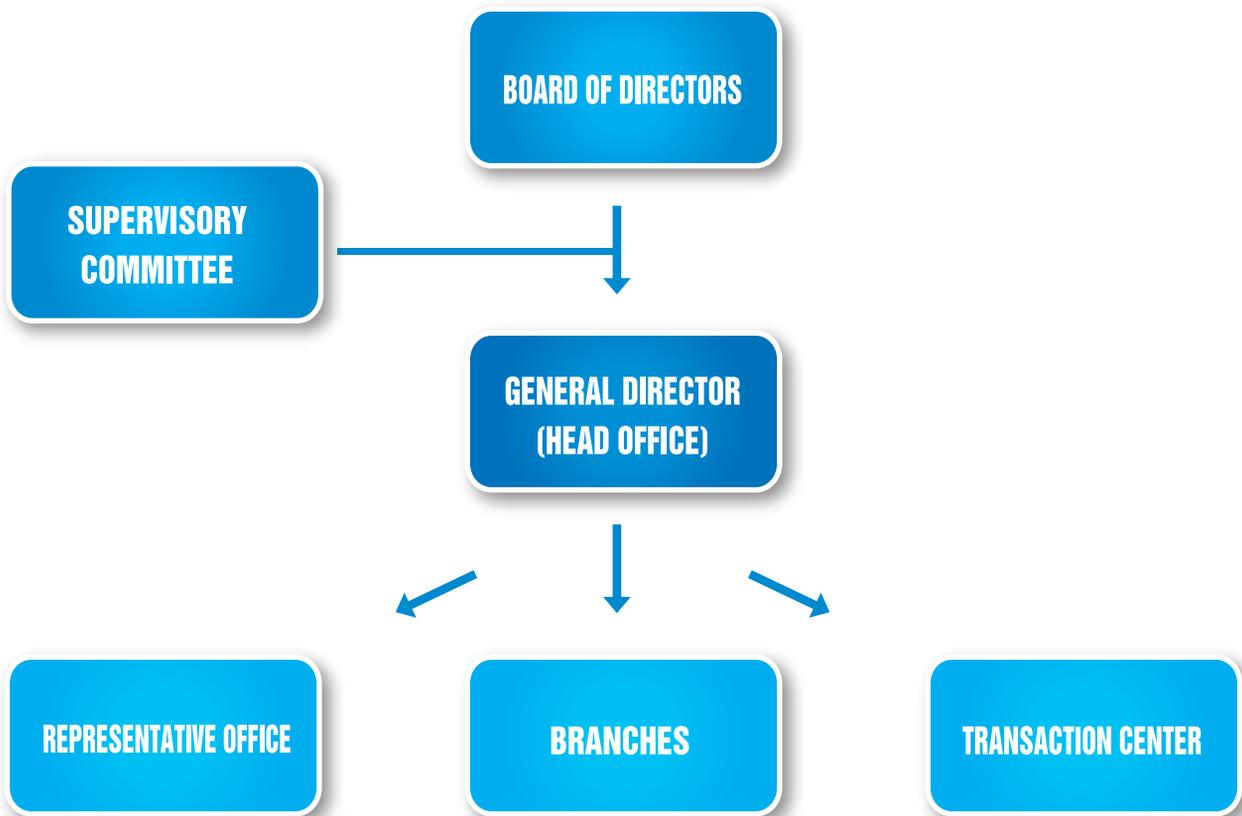
Modernization of information technology system is a priority of VDB to create supportive tool for operating departments. In 2013, VDB has developed capital management software for Son La hydropower, completed phase 3 of the project to build a large scale communication infrastructure for the system.

2.10. Payment

VDB's payment is strictly monitored and performed to prevent loss of capital and assets of VDB. System of payment is operating smoothly, stably, safely and economically. VDB is in research and to submit to competent authorities its plan to deploy international settlement and approval and get permit to implement to modernize and diversify VDB's activities.

STRUCTURAL ORGANIZATION, HUMAN RESOURCES

The organizational model of VDB 2013



BOARD OF DIRECTOR MEMBERS AND BOARD OF MANAGEMENT 2013 OF VDB

Board of Director members of VDB:

No	Full name	Title
1	Mr. Nguyen Quang Dung	President
2	Mr Tran Ba Huan	General Director, member
3	Mr. Dao Ngoc Thang	Member
4	Mr. Dong Quang Dai	Director of Supervisory Committee, member
5	Mr. Tran Xuan Ha	Deputy Minister of Finance, member
6	Mr. Dang Thanh Binh	Deputy Governor of the State Bank of Vietnam, member
7	Mr. Cao Viet Sinh	Deputy Minister of Planning and Investment, member

Board of Management of VDB:

No	Full name	Title
1	Mr. Tran Ba Huan	General Director
2	Ms. Dao Dung Anh	Deputy General Director
3	Mr. Dao Van Chien	Deputy General Director (cum General Director of VIDIFI)
4	Mr. Nguyen Chi Trang	Deputy General Director
5	Mr. Pham Duc Hoa	Deputy General Director
6	Mr. Tran Phu Minh	Deputy General Director
7	Mr. Dao Quang Truong	Deputy General Director

VIETNAM DEVELOPMENT BANK'S BRANCHES NETWORK

1	DONG THAP - AN GIANG BRANCH
	Add: 83 Nguyen Hue - My Long - Long Xuyen City - Long An Province
	Tel: 0763 846220 Fax: 0763 846223
	Dong Thap Transaction Office: 48 Nguyen Quang Dieu - Ward 1- Cao Lanh City - Dong Thap Province
	Tel: 067 3852472 Fax: 067 3852477
2	BA RIA - VUNG TAU BRANCH
	Add: 211 Le Hong Phong - 8 Ward - Vung Tau City - Ba Ria Vung Tau Province
	Tel: 064 385709 Fax: 064 3854676
3	BAC KAN - THAI NGUYEN BRANCH
	Add: 16 Nha Trang - Trung Vuong Ward - Thai Nguyen City - Thai Nguyen Province
	Tel: 0280 3657368 - 0280 3657968 Fax: 0280 3852866
	Branch Office: 02 Hung Vuong - 4 Group - Duc Xuan Ward - Bac Can Town - Bac Can Province
	Tel: 0281 3870008 - 0281 3870210 Fax: 0281 3870628
4	BAC GIANG BRANCH
	Add: Branch Office: Add: Nguyen Thi Luu Street - Bac Giang City - Bac Giang Province
	Tel: 0240 3856211 Fax: 0240 3857011
5	BEN TRE BRANCH
	Add: 172 Hung Vuong - 3 Ward - Ben Tre City - Ben Tre Province
	Tel: 075 3826056 Fax: 075 3803358
6	BINH DUONG BRANCH
	Add: 189 Binh Duong Avenue - Phu Tho Ward - Thu Dau Mot Town - Binh Duong Province
	Tel: 0650 3823946 Fax: 0650 3823695
7	BINH DINH BRANCH
	Add: 06 Le Duan - Quy Nhon City - Binh Dinh Province
	Tel: 056 3520719 Fax: 056 3520709
8	BINH PHUOC BRANCH
	Add: Nguyen Van Linh Street - Tan Phu Ward - Dong Xoai Town - Binh Phuoc Province
	Tel: 0651 3870206 Fax: 0651 3879460
9	BINH THUAN BRANCH
	Add: 12 Nguyen Tat Thanh - Binh Hung Ward - Phan Thiet City - Binh Thuan Province
	Tel: 062 3824 719 Fax: 062 3833451

10	CAO BANG BRANCH
	Add: 32 Xuan Truong Street - Hop Giang Ward - Cao Bang Town - Cao Bang Province
	Tel: 026 3853673 Fax: 026 3853069
11	CAN THO - HAU GIANG BRANCH
	1. Branch Office: 01 Hai Ba Trung - Ninh Kieu District - Can Tho City
	Tel: 0710 3821769 Fax: 0710 3821778
	2. Hau Giang Transaction Office: 75 Ngo Quoc Tri - 5 District - Vi Thanh Town - Hau Giang Province
	Tel: 0711 3870135 Fax: 0711 3870136
12	DA NANG BRANCH
	Add: 74 Quang Trung - Thach Thang Ward - Hai Chau District - Da Nang City
	Tel: 0511 3834265 Fax: 0511 3830577
13	DAKLAK - DAKNONG BRANCH
	Branch Office: 15 Truong Chinh - Buon Ma Thuot City - Daklak Province
	Tel: 0500 3956365 Fax: 0500 3955675
14	DIEN BIEN BRANCH
	Add: 908 - 7/5 Street - Muong Thanh Ward - Dien Bien Phu City - Dien Bien Province
	Tel: 0230 3827385 Fax: 0230 3825801
15	DONG NAI BRANCH
	Add: Nguyen Ai Quoc Street - Quang Vinh Ward - Bien Hoa City - Dong Nai Province
	Tel: 061 3828558 Fax: 061 3826288
16	GIA LAI BRANCH
	Add: 02A Hoang Hoa Tham - Pleiku City - Gialai Province
	Tel: 059 3821390 Fax : 059 3822505
17	HA NAM BRANCH
	Add: 03 Tran Phu Street - Quang Trung Ward - Phu Ly City - Ha Nam Province
	Tel: 0351 3852095 Fax: 0351 3854130
18	HA GIANG BRANCH
	Add: 10 Bach Dang - Nguyen Trai Ward - Ha Giang Town - Ha Giang Province
	Tel: 0219 3866958 Fax: 0219 3866958
19	HA TINH BRANCH
	Add: 01 Dang Dung Street - Ha Tinh City - Ha Tinh Province
	Tel: 039 3857273 Fax: 039 3856575
20	HAI DUONG BRANCH
	Add: 7 Hong Quang Street - Nguyen Trai Ward - Hai Duong City - Hai Duong - Province
	Tel: 0320 3856114 Fax: 0320 3857771

21	HAI PHONG BRANCH
	Add: 47A Luong Khanh Thien - Ngo Quyen Ward - Hai Phong City
	Tel: 031 3921710 Fax: 031 3921201
22	HO CHI MINH REP OFFICE
	Add: 3rd floor - 22 Dong Khoi - Ben Nghe - District 1- HCM City
	Tel: 083 8279 954 Fax: 083 8279952
23	HUNG YEN BRANCH
	Add : 07 Chu Manh Trinh Street - Hien Nam Ward - Hung Yen City - Hung Yen Province
	Tel: 0321 3551089 Fax: 0321 3862798
24	KHANH HOA BRANCH
	Add: 65 Yersin - Nha Trang City - Khanh Hoa Province
	Tel: 058 3825091 Fax: 058 3825435
25	KIEN GIANG BRANCH
	Add : No. 321, 3/2 Streer - Vinh Lac Ward - Rach Gia City - Kien Giang Province
	Tel: 077 3863637 Fax: 077 3868165
26	KOM TUM BRANCH
	Add: 84B Phan Chu Trinh - Kon Tum City - Kom Tum
	Tel: 060 3862906 Fax: 060 3863890
27	LAI CHAU BRANCH
	Add: Quyet Thang Ward - Lai Chau Town - Lai Chau Province
	Tel: 0231 3875408 Fax: 0231 3876769
28	LAM DONG BRANCH
	Add: 2A Le Hong Phong - 4 Ward - Da Lat City - Lam Dong Province
	Tel: 063 3825356 Fax: 063 3825983
29	LANG SON BRANCH
	Add: 53 Le Loi - Vinh Trai Ward - Lang Son City - Lang Son Province
	Tel: 025 3872196 Fax: 025 3873010
30	LAO CAI BRANCH
	Add: 1/5 Street - Nam Cuong Ward - Lao Cai City - Lao Cai Province
	Tel: 020 3825161 Fax: 020 3820576
31	MINH HAI AREAS BRANCH
	1.Branch Office: 07 - An Duong Vuong Street - 7 Ward - Ca Mau City - Ca Mau Province
	Tel: 0780 3836018 Fax: 0780 3836016
	2. Bac Lieu Transaction Office: 175 Tran Quynh Street - 1 Ward - Bac Lieu City - Bac Lieu Province
	Tel: 0781 3820328 Fax: 0781 3823960

32	NAM DINH BRANCH
	Add: 151 Bac Ninh Street - Nguyen Du Ward - Nam Dinh City - Nam Dinh Province
	Tel: 0350 3846862 Fax: 0350 3844033
33	NGHE AN BRANCH
	Add: 45 Duy Tan Street - Hung Phuc Ward - Vinh City - Nghe An Province
	Tel: 038 3840668 Fax: 038 3846228
34	NINH BINH BRANCH
	Add: 05 Le Hong Phong - Van Giang - Ninh Binh City - Ninh Binh Province
	Tel: 030 3872 624 Fax: 030 3873 066
35	NINH THUAN BRANCH
	Add : No. 28 16/4 Street - Phan Rang City - Thap Cham - Ninh Thuan Province
	Tel: 068 3824540 Fax: 068 3824569
36	PHU THO BRANCH
	Add: 1500 - Hung Vuong - Gia Cam Ward - Viet Tri City - Phu Tho Province
	Tel: 0210 3845227 Fax: 0210 3848700
37	PHU YEN BRANCH
	Add: 337 Le Duan - 7 Ward - Tuy Hoa City - Phu Yen Province
	Tel: 057 3842454 Fax: 057 3841056
38	QUANG BINH BRANCH
	Add: 02 Tran Hung Dao - Dong Hoi City - Quang Binh Province
	Tel: 052 3822003 Fax: 052 3822338
39	QUANG NAM BRANCH
	Add: 13 Tran Hung Dao - Tam Ky City - Quang Nam Province
	Tel: 0510 3852926 Fax: 0510 3852296
40	QUANG NGAI BRANCH
	Add: 29 Hai Ba Trung - Quang Ngai City - Quang Ngai Province
	Tel: 055 3828528 Fax: 055 3820533
41	QUANG NINH BRANCH
	Add: 03 Dong Ho Street - Ha Long City - Quang Ninh Province
	Tel: 033 3828050 Fax: 033 3828174
42	QUANG TRI BRANCH
	Add: 184 Tran Hung Dao Street - Dong Ha City - Quang Tri Province
	Teli: 053 3851857 - 053 3854707 Fax: 053 3851085
43	TRANSACTION CENTER I
	1. Branch Office : 104 Tran Hung Dao Street - Cua Nam Ward - Hoan Kiem District - Hanoi
	Tel: 04 39427908 Fax: 04 39427900

2. Vinh Phuc Transaction Office: 10 Kim Ngoc Street - Vinh yen City - Vinh Phuc Province

Tel: 0211 3860 591 Fax: 0211 3861 163

3. Hoa Binh Transaction Office : Dong Tien Street - Hoa Binh City - Hoa Binh Province

Tel: 0218 3856 600 Fax: 0218 3856 604

4. Bac Ninh Transaction Office: No 02 Nguyen Dang Dao- Tien An Ward - Bac Ninh City
Bac Ninh Province

Tel: 0241 3822024 Fax: 0241 3822625

44 TRANSACTION CENTER II

1. Branch Office: 229 Dong Khoi - Ben Nghe Ward - 1 District - Ho Chi Minh City

Tel: 083 8250063 Fax: 083 8245811

2. Long An Transaction Office: 06 Phan Boi Chau Street - I Ward - Tan An City - Long An Province

Tel: 072 3824406 Fax: 072 3822133 - 072 3553508

45 SOC TRANG BRANCH

Add: 16 Tran Hung Dao - 2 Ward - Soc Trang City - Soc Trang Province

Tel: 079 3822618 Fax: 079 3820778

46 SON LA BRANCH

Add: 56B - Lo Van Gia Street - Son La City - Son La Province

Tel: 022 3852 861 Fax: 022 3853 060

47 TAY NINH BRANCH

Add: No.385, 30/4 Street - I Ward - Tay Ninh Town - Tay Ninh Province

Tel: 066 3810851 Fax: 066 3827088

48 THAI BINH BRANCH

Add: 5 Le Loi Street - Le Hong Phong Ward - Thai Binh City - Thai Binh Province

Tel: 036 3734426 Fax: 036 3734840

49 THANH HOA BRANCH

Add: 44A Le Loi Avenue - Tan Son Ward - Thanh Hoa City - Thanh Hoa Province

Tel: 037 3853098 Fax: 037 3854048

50 THUA THIEN HUE BRANCH

Add: 02 Nguyen Thi Minh Khai - Hue City - Thua Thien Hue Province

Tel: 054 3828526 Fax: 054 3828527

51 TIEN GIANG BRANCH

Add: No 19, Nam Ky Khoi Nghia Street - 4 Ward - My Tho City - Tien Giang Province

Tel: 073 2210629 Fax: 073 3875542

52 TRA VINH BRANCH

Add: 7A Trung Nu Vuong - I Ward - Tra Vinh City - Tra Vinh Province

Tel: 074 3854007 Fax: 074 3854076

53 TUYEN QUANG BRANCH

Add: 2588 Tan Trao Street - Minh Xuan Ward - Tuyen Quang Town - Tuyen Quang Province

Tel: 027 3821382 Fax: 027 3821461

54 VINH LONG BRANCH

Add: No 8 Hung Dao Vuong - 1 Ward - Vinh Long City - Vinh Long Province

Tel: 070 3824262 Fax : 070 3824425

55 YEN BAI BRANCH

Add: 1026 Dien Bien Phu Street - Dong Tam Ward - Yen Bai City - Yen Bai Province

Tel: 029 3853158 Fax: 029 3851319

INDEPENDENT AUDITOR'S REPORT ON VDB' 2013 ANNUAL FINANCIAL STATEMENT

To: THE BOARD OF MANAGEMENT

THE BOARD OF DIRECTORS OF THE VIETNAM DEVELOPMENT BANK

We have audited the accompanying financial statements of the Vietnam Development Bank, which were prepared on June 30, 2014, including the balance sheet as of 31 December 2013, the income statement, the cash flow statement for the fiscal year then ended and the notes to the financial statements.

Responsibility of the Board of Directors

The Board of Directors of the Vietnam Development Bank is responsible for the preparation, true and fair presentation of the financial statements of the Bank in conformity with the regulations on systems of the financial statements in accordance with the accounting system of the Vietnam Development Bank accepted by the Official Document No. 15682/BTC-CDKT dated 24 December 2008 of the Ministry of Finance and the Official Document No. 12375/BTC-CDKT dated 4 October 2010 of the Ministry of Finance regarding the supplement of the accounting accounts as well as the guidance in the Decision No. 959/QD-NHPT dated 30 December 2010 of the General Director of the Vietnam Development Bank and responsible for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of financial statements to be free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical standards and requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements of the Bank are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Vietnam Development Bank as of December 31 2013, its financial performance and its cash flows for the fiscal year then ended in conformity with the regulations on systems of the financial statements in accordance with the accounting system of the Vietnam Development Bank accepted by the Official Document No. 15682/BTC-CDKT dated December 24 2008 of the Ministry of Finance and the Official Document No. 12375/BTC-CDKT dated October 4, 2010 of the Ministry of Finance regarding the supplement of the accounting accounts as well as the guidance in the Decision No. 959/QD-NHPT dated December 30, 2010 of the General Director of the Vietnam Development Bank and the legal regulations related to the preparation and presentation of the financial statements.

FINANCIAL STATEMENT PRINCIPLES

1. From Jan 01 2013, the financial statements of VDB shall be prepared in accordance with accounting accounts, accounting forms as well as book keeping and accounting papers format stipulated by the Decision No.15682/BTC-CĐKT dated December 14, 2008 and Decision No.12375/BTC-CĐKT dated October 4, 2008 of Minister of Finance (MOF) on additional accounting accounts.

2. Accounting period: from January 1st to December 31st annually.

3. Accounting Currency for financial statement: Vietnam Dong (VND)

Foreign currency accounts are accounted as original. At the end of months, surplus and revenues of each transaction shall be converted into VND to synthesis and reflected on the monthly balance sheet accounts in VND.

4. Accounting method: combination of accrual and cash accounting.

Incomes from interest rate are accounted on actual income method, expenses from interest rate/ mobilization are accounted on actual expense method (cash flow accounting)

For other transactions, the accrual principle is applied.

5. Accounting method for fixed assets:

Fixed assets are monitored, used and depreciated based on the Decision No. 206/2003/QĐ-BTC dated December 12, 2003 by Ministry of Finance.

6. Accounting form: Computer accounting form designed under the principle of journal accounting form.

BALANCE SHEET

Unit: VND million

Items	Note	2012	2013
A – Asset			
Cash in hand	1	3,825	5,177
Deposit	2	26,994,809	21,959,425
Assets in operating activities	3	242,990,839	257,489,601
Accounts Receivable	4	16,571,513	14,309,575
Fixed assets	5	1,322,303	1,423,847
Others	6	3,817,603	3,798,742
Total asset		291,700,892	298,986,367
B - Liabilities			
Deposit of State Treasury, Financial institutions and credit institutions.	7	2,499,366	2,024,254
Deposit of Economic institutions and customers	8	4,525,644	4,592,043
Payable to the State budget and Financial institutions and credit institutions	9	12,604,690	19,917,048
Trust funds	10	121,937,930	109,579,463
Bond and notes	11	127,348,800	139,160,800
Payable account	12	3,699,346	4,155,903
Others	13	2,666,415	3,716,342
VDB's charter	14	12,311,097	12,485,300
VDB's funds	15	4,107,604	3,355,214
Total liabilities		291,700,892	298,986,367

INCOME STATEMENT

Unit: VND million

Items	Note	2012	2013
Receipt from loan interest	17	8,930,837	10,645,521
Receipt from deposits interest	18	2,919,078	1,202,312
Non-interest revenue	19	6,299,908	5,547,143
Total revenue		18,149,823	17,394,976
Payment for loan interest	20	1,101,991	552,643
Payment for deposit interest	21	1,428,103	643,044
Payment for interest of valuable papers	22	12,742,560	14,215,333
Non-interest expenses	23	2,266,886	2,371,263
Total payment		17,539,540	17,782,283

FINANCIAL NOTES

1. Cash

Unit: : VND million

Items	2012	2013
Cash	3,825	5,177
Cash in hand	3,825	5,177

2. Deposits

Unit: : VND million

Items	2012	2013
Cash deposit	26,994,809	21,959,425
At State bank of Vietnam	199,572	292,068
At credit institutions	26,795,237	21,667,357
+ Non term deposit	2,611,617	2,700,490
+ Term deposit	24,183,620	18,966,867

3. Operating asset
Unit: VND million

Items	2012	2013
Operating asset	242,990,839	257,489,601
Export credit	10,247,736	10,295,247
Of which	0	0
+ overdue debts	3,074,242	1,212,650
+ frozen debts		
Long and medium term investment credit	101,340,105	113,879,317
Of which		
+ overdue debts	1,929,516	2,813,652
+ frozen debts	64,475	0
Credit to importers	0	0
Of which		
+ overdue debts	0	0
+ frozen debts	0	0
ODA On lending	111,307,989	107,828,819
Of which		
+ overdue debts	1,847,391	1,281,386
+ frozen debts	131,126	93,686
Other credits	19,877,813	23,939,993
Of which		
+ overdue debts	576,496	481,264
+ frozen debts	100	0
Guarantee and Re - Guarantee	217,196	140,971

4. Receivables

Unit: VND million

Items	2012	2013
Receivables	16,571,513	14,309,574
Receivables for	5,791,825	9,232,459
+ management fee and interest difference to be paid by State budget.	5,195,990	8,510,651
+ other receivables	592,754	717,467
+ advances	3,081	4,341
Offset amounts receivable, payable to MOF on lending ODA management fee	10,779,688	5,077,115

5. Fixed asset

Unit: VND million

Items	2012	2013
Fixed asset	1,322,303	1,423,847
<i>Tangible fixed asset</i>	<i>264,120</i>	<i>422,013</i>
Historical price	895,587	1,068,601
Accumulated depreciation	(631,467)	(646,588)
<i>Non tangible fixed asset</i>	<i>1,058,183</i>	<i>1,001,834</i>
Historical price	1,078,488	1,025,946
Accumulated depreciation	(20,305)	(24,112)

6. Other assets
Unit: VND million

Items	2012	2013
Other assets	3,817,603	3,798,742
Tools and material	347	193
Construction in progress	218,420	198,630
Advances	2,068	2,932
Funds contributions, long term investments	3,593,880	3,594,088
Others assets	2,888	2,899

7. Deposits of State treasury, credit institutions, financial institutions
Unit: VND million

Items	2012	2013
Deposit of State Treasury, credit institutions, financial institutions	2,499,366	2,024,254
Deposit of State Treasury, credit institutions, financial institutions in VND	2,499,366	2,024,254

8. Customers deposits
Unit: VND million

Items	2012	2013
Deposit of Economic institutions and customers	4,525,644	4,592,043
<i>Term and non - terms deposits of customers</i>	<i>4,518,445</i>	<i>4,587,843</i>
+ Deposit of domestic customers in VND	4,518,391	4,587,797
+ Deposit of domestic customers in foreign currency	54	46
+ Deposit of foreign customers in foreign currency	0	0
Escrow Deposits	7,199	4,200

9. Loans from State budget, financial institutions and credit institutions

Unit: VND million

Items	2012	2013
Loans from State budget, financial institutions and credit institutions	12,604,690	19,917,048
Loans from state budget	4,295,494	3,832,083
Loans from domestic financial institutions and credit institutions	3,268,820	10,555,000
Loans from foreign financial institutions and credit institutions	5,040,376	5,529,965

10. Trust funds

Unit: VND million

Items	2012	2013
Trust funds	121,937,930	109,579,463
Receiving on lending ODA funds	122,360,297	109,487,760
Foreign exchange rates difference of ODA funds	0	0
Trust fund for post investment subsidies	111,207	71,846
+ trust fund	844,998	720,640
+ granted for post investment subsidy	(733,791)	(648,794)
Trust fund for allocation	(149,131)	(188,252)
+ trust fund	20,302,681	22,965,833
+ granted	(20,451,812)	(23,154,085)
Trust fund for credit (*)	(384,443)	208,110
+ trust fund	33,479,717	32,434,929
+ Loans trust funds	(33,864,160)	(32,226,819)

11. Valuable papers
Unit: VND million

Items	2012	2013
Valuable papers issuance	127,348,800	139,160,800
<i>Bonds and notes in VND</i>	<i>127,348,800</i>	<i>139,160,800</i>
<i>Face value</i>	127,348,800	139,160,800
Extra value	0	0
Discounted value	0	0
<i>Bonds and notes in foreign currency</i>	<i>0</i>	<i>0</i>
Face value	0	0
Extra value	0	0
Discounted value	0	0

12. Payable
Unit: VND million

Items	2012	2013
Payable or liabilities	3,699,346	4,155,904
Payables	3,693,494	2,061,387
+ Interest and fee on loan trust fund	3,331,045	1,700,076
+ Accounts payable to suppliers	2,639	3,467
+ Payables to staff	170,251	150,037
+ Payables to the government including: ODA payable funds and other payables to Government	2,776	4,615
+ Other payables	186,783	203,192
Account payable in settlement activity	5,852	2,094,517

13. Other liabilities
Unit: VND million

Items	2012	2013
Other liabilities	2,666,415	3,716,342
+ To be kept on behalf on others and to be paid	3,916	90
+ Provisions for risks	2,296,242	3,305,604
+ Provision for unemployment allowance	79,556	83,564
+ Others liabilities	286,701	327,084

14. VDB equity
Unit: VND million

Items	2012	2013
VDB equity	12,311,097	12,369,522
Charter capital	10,302,342	10,316,565
Capital for construction and purchase of fixed asset	18,215	21,757
Other capital	1,990,540	2,031,200

15. VDB funds
Unit: VND million

Items	2012	2013
VDB fund	2,610,358	3,742,521
Reserve fund for supplement of charter capital	770,493	1,346,011
Research and Development fund	1,839,865	2,396,510
Other fund	0	0

16. Not distributed retained earnings
Unit: VND million

Items	2012	2013
Undistributed retained earnings	1,497,246	(387,307)
Undistributed retained earnings of the last period	886,962	0
Undistributed retained earnings of this year	610,284	(387,307)

17. Interest receipts
Unit: VND million

Items	2012	2013
Interest revenue	8,930,837	10,645,521
Receipt of interest on export credit	674,322	527,602
Receipt of interest on investment credit	5,903,937	6,903,488
Receipt of interest on other loans	2,352,578	3,214,431

18. Receipts of interest on deposits
Unit: VND million

Items	2012	2013
Receipts of interest on deposits	2,919,078	1,202,312
Non term deposit	45,939	35,998
With term deposit	2,873,139	1,166,314

19. Non - interest receipts

Unit: VND million

Items	2012	2013
Non- interest receipts	6,299,908	5,547,143
Interest difference and management fee (*)	5,989,859	5,280,249
Guarantee premium	2,024	900
Settlement fee	4,883	4,365
Treasury fee	2	1
Trust fund fee (**)	233,297	237,029
Other receipts	69,843	24,599

(*): Including export credit and investment credit management fee and management fee of trust fund from MOF

(**): Not including management fee from funds trusted by MOF

20. Payment of interest on loan

Unit: VND million

Items	2012	2013
Interest payment	1,101,991	522,643
Payment of interest on short-term loan	97,584	238,984
Payment of interest on medium and long	1,004,407	313,659

21. Payment of interest on deposits

Unit: VND million

Items	2012	2013
Payment of interest on deposit.	1,428,103	643,044
Payment of interest for non-term mobilized funds	23,186	13,228
Payment of interest on non-term deposits	1,404,917	629,816

22. Payment of interest on valuable papers

Unit: VND million

Items	2012	2013
Payment of interest on valuable papers	12,742,560	14,215,333
Payment of interest on bonds	12,742,560	14,215,333

23. Non-interest payment

Unit: VND million

Items	2012	2013
Non-interest payments	2,266,886	2,371,263
Fund mobilization	183,344	277,820
Settlement and treasury expenses	1,713	1,537
Tax and fees	461	970
Others	17,718	23,753
Payment for employee	510,343	507,421
Administration expenses	148,020	169,728
Fixed asset depreciation	96,194	98,437
Other asset expenses	12,330	11,954
Provisions expenses	1,269,690	753,354
Others	27,073	526,289